

UNITED STATES DEPARTMENT OF AGRICULTURE  
Federal Crop Insurance Corporation

June 24, 1952

LOSS ADJUSTMENT MANUAL FOR COTTON

(For 1952 and Succeeding Crop Years)

Supplement Applicable only to contracts covering Sharecropper Interest

FOREWORD

This procedure supplements the LOSS ADJUSTMENT MANUAL FOR COTTON (For 1951 and Succeeding Crop Years) dated May 18, 1951, and is to be used only in those counties having sharecropper interest contracts, and in these counties is applicable only to such contracts.

The above-referenced procedure shall be reviewed carefully by all persons engaged in loss adjustment work. Likewise, Part II-COUNTY ACREAGE REPORT PROCEDURE FOR COTTON - Subpart C., issued April 8, 1952 (Revised May 21, 1952), shall be reviewed.

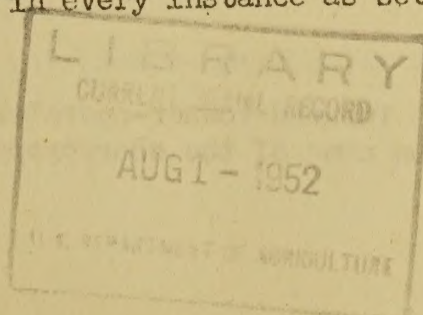
SECTION I. HANDLING LOSSES UNDER SHARECROPPER  
INTEREST CONTRACTS

The sharecropper interest contract provides in effect that losses shall be determined in the same manner as though the sharecropper had an individual contract. This fact must be kept in mind at all times in dealing with sharecropper interest contracts.

In view of the above paragraph it is apparent that these instructions will deviate only slightly from instructions already in effect. However, it is very important that the instructions set forth below be understood and followed in every case.

A. Forms To Be Used and Special Instructions Applicable.

In connection with the preparation of any of the forms discussed below, the name of the insured to be entered in every case shall be the name of owner-operator or tenant who signed the application for insurance covering sharecropper interest, and the contract number to be entered shall be that shown on such application. The letter "S" is always a part of the contract number. It is important that the name of the sharecropper, the location or description of the farm on which his insurance unit is located, and the location on such farm of his insurance unit, as well as the insurance unit number assigned to his insurance unit on the acreage report (Form FCI-219-C-S) be entered in every instance as set forth in this procedure.





## 1. Notice of Loss

Form FCI-8-Rev., "Notice of Damage or Material Loss," is to be prepared for each sharecropper's insurance unit on which damage or a loss is reported at the county office. It is expected that in most cases any such notice will be given by the insured; however, the Form FCI-8-Rev., is to be prepared if the county office receives notice from any reliable source concerning damage or a loss on any particular sharecropper's insurance unit which is covered by a sharecropper interest contract.

Form FCI-8-Rev., shall be prepared in the usual manner, except as follows:

### a. Name of Insured

Enter the name of the insured (owner-operator or tenant) followed by the word "and", the name of the sharecropper for whose insurance unit the notice is being prepared, and the notation "SC".

### b. Contract Number Other Contracts on Unit

If the insured also has an individual contract, enter **such** contract number, which will be the same (except for the letter "S") as that shown for the sharecropper contract. If the insured is a tenant, show his landlord's contract number also if such landlord is insured.

### c. Insurance Unit Number

Enter the insurance unit number assigned to the sharecropper's unit on the acreage report. Following the insurance unit number enter the location of the farm on which the unit is located.

### d. Item 8

Enter in column A the location on the farm of the sharecropper's insurance unit. Make no entry in column B. Enter in column C the number of acres in the sharecropper's unit and in column D his share in the acreage as shown on Form FCI-219-C-S. Make no entry in column E. Complete columns F and G in the usual manner.

## 2. Inspection Report

Form FCI-163-C "Inspection Report for Cotton" (herein called "Form 163") shall be prepared for each sharecropper's insurance unit at the time of each inspection of the insurance unit. Form 163 shall be prepared in the usual manner, except as follows:

### a. Name of Insured

Enter the name of the insured (owner-operator or tenant) followed by the word "and", the name of the sharecropper for whose insurance



unit the form is being prepared, and the notation "SC".

b. Name and Location of farm(s) constituting insurance unit

Enter the location of the farm(s) on which the sharecropper's insurance unit is located.

c. Unit Number.

Enter the insurance unit number assigned to the sharecropper's insurance unit on the acreage report. Following the insurance unit number enter the location on the farm of the sharecropper's insurance unit.

3. Statement in Proof of Loss

Form FCI-167-C, "Statement in Proof of Loss for Cotton", (herein called "Form 167") shall be prepared for each sharecropper's insurance unit on which a loss is claimed. Form 167 shall be prepared in the usual manner, except as follows:

a. Name of Insured

Enter the name of the insured (owner-operator or tenant) followed by the word "and," the name of the sharecropper for whose insurance unit the form is being prepared, and the notation "SC".

b. Contract Number of Other Cotton Contracts on Same Land

If the insured also has an individual contract, enter such contract number, which will be the same (except for the letter "S") as that shown for the sharecropper contract. If the insured is a tenant, show his landlord's contract number also if such landlord is insured.

c. Insurance Unit Identification

Enter the location of the farm on which the sharecropper's insurance unit is located, the insurance unit number assigned to his unit, and the location on the farm of his unit.

d. Is there an outstanding Collateral Assignment?

Make no entry in this space, since collateral assignments are not recognized in connection with sharecropper interest contracts.

e. Signature of Insured

The insured (owner-operator or tenant) shall sign in the space provided.



f. Signature of Sharecropper

Enter the word "countersigned" to the left of the signature of the insured and draw a line above it. The sharecropper shall sign the loss claim above the word "countersigned". If the sharecropper has left the farm and cannot be located a Form FCI-6 shall be prepared outlining all the circumstances of his absence. The state crop insurance director will obtain any additional necessary information from the insured in accordance with state office procedure.



August 22, 1952

LOSS ADJUSTMENT MANUAL FOR COTTON  
(For 1951 and Succeeding Crop Years)

Amendment No. 1  
(Applicable to 1952 and Succeeding Crop Years)

The contract provides that the cotton stalks on any acreage with respect to which a loss is claimed, shall not be destroyed until the Corporation makes an inspection. This provision of the contract gives the Corporation a needed right to examine the evidence that the stalks will furnish as to production and to get some idea as to how the crop was worked. Where any of the evidence has been destroyed, as in cases where the stalks have been destroyed (by plowing or otherwise) before the adjuster makes an inspection, there is in most cases reasonable doubt as to whether the cause and the amount of the loss, if any, can be definitely established. With respect to any such acreage it would be difficult (1) to definitely determine the cause of loss, (2) to accurately determine the acreage in many cases, (3) to establish whether the crop was cared for in a workmanlike manner, and (4) depending on the extent to which the stalks had been destroyed, to establish the stage of production reached by the acreage in question, and, if it could be determined that such acreage actually was harvested, to verify with any degree of accuracy that the reported production is correct or that all of the production was harvested.

This amendment sets forth the procedure for handling cases where the cotton stalks have been destroyed (by plowing or otherwise) before the adjuster makes an inspection. In handling a case of this kind the adjuster must take into consideration all of the facts that enter into the definite determination as to what the actual production was and the cause and amount of loss and must examine the case in the light of the discussion set forth in the above paragraph. Having done this, he must classify and handle the case according to one of the three categories which follow:

- (1) If the adjuster can establish that there has been a loss on the insurance unit and he is certain that he can definitely determine that the cause of loss, the amount of production, and the amount of loss, if any, due to uninsured causes, the case shall be handled in the usual manner. However, in every instance the adjuster shall prepare a Form 6 setting forth in detail all of the circumstances regarding the case including a discussion of the evidence which he found which enabled him to establish that there was a loss and the cause and amount of the loss.
- (2) The adjuster should bear in mind at all times that it is the insured's responsibility to establish the cause and amount of loss. If the insured has destroyed any of the evidence and the amount of loss cannot be definitely established, the insured has not done all that is required of him under the contract. If the adjuster cannot definitely establish the cause and amount of loss on the insurance unit and there is no indication of bad faith on the part of the insured in connection with the destruction of the cotton stalks, the procedure set forth below shall be followed.



Where it can be definitely determined that the stalks were destroyed after harvest but before inspection, this acreage shall be measured separately and entered in column H of Form 163, and the notation "destroyed after harvest but before inspection" shall be entered on the same line in columns I, J, and K. The acreage shall be entered again in column M and an appraisal per acre shall be entered in column N. This appraisal per acre must be the greatest possible yield that could have been realized on such acreage but not less than the fourth stage coverage per acre for such acreage minus the average actual production per acre (harvested and unharvested) on all the harvested acreage on the insurance unit.

In preparing Form 167 this acreage and the appraisal therefor shall be recorded in item 8. The wording "Adjustment for Quality" shall be deleted and the notation "Acreage destroyed after harvest but before inspection" shall be entered immediately above. The number of acres involved and the weighted average appraisal per acre shall be entered in item 8 to the left of column A and the total appraisal shall be entered in column B.

In addition, a Form 6 shall be prepared setting forth in detail all of the circumstances regarding the case including a discussion of the factors which prevented the adjuster from establishing the amount of loss in the usual manner.

- (3) In any case if the adjuster feels that the insured destroyed the cotton stalks in order to conceal some material facts in connection with his claim for loss, the adjuster shall so indicate in his report of the facts in the case. In any such case the adjuster shall prepare Form 163 in the usual manner. However, the adjuster shall not sign Form 167, even though he assists the insured in its preparation.

